

Maritime Security and the Right of Self-Defense in Peacetime

Proposals for a National Security Strategy and
the New National Defense Program Guidelines

(SUMMARY)

Policy Research at the Tokyo Foundation

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THE TOKYO FOUNDATION

About the National Security Policy Project

The Tokyo Foundation established the National Security Policy project in 2007 to offer cogent proposals for security policy professionals in the light of a rapidly changing security environment, and many of the recommendations issued to date have been incorporated into key security documents. In 2013, the project produced proposals for the first-ever National Security Strategy and revisions to the National Defense Program Guidelines, both of which were issued by the Shinzo Abe administration in December and which represented important steps for Japan's security policy. The project has also hosted seminars for academics and practitioners from around the world and co-organized the "Quad-Plus" Track 2 dialogue on maritime security with US, Australian, and Indian think tanks.

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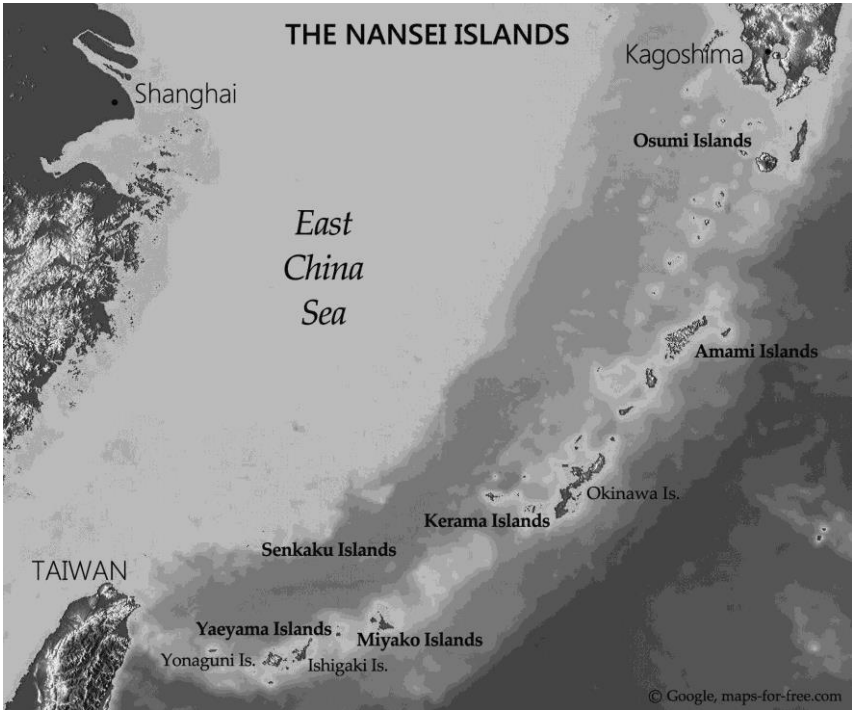
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This proposal gained valuable input from another Tokyo Foundation project on Linking Japan's Foreign Aid and Security Cooperation.

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LIST OF ABBREVIATIONS

ASDF	Air Self-Defense Force
AWACS	Airborne Warning and Control Systems
C4ISR	Command, Control, Communication, Computer, Intelligence, Surveillance and Reconnaissance
DPJ	Democratic Party of Japan
GSDF	Ground Self-Defense Force
JCG	Japan Coast Guard
J-CSI	Cyber Security Information Sharing Partnership of Japan
LDP	Liberal Democratic Party
MSDF	Maritime Self-Defense Force
NDPG	New National Defense Program Guidelines
NSC	National Security Council
NSS	National Security Strategy
ODA	Official Development Assistance
SDF	Self-Defense Forces

FOREWORD*

What are the most pressing national security challenges confronting Japan today? Over much of 2013, members of the Tokyo Foundation's National Security Project examined this topic and summarized the findings into a set of recommendations, at a time when the government was working to articulate its first-ever national security strategy and to update its National Defense Program Guidelines.

One of the biggest challenges the country faces, no doubt, is in the area of maritime security, inasmuch as Japan is an oceanic state. China's rapid expansion of its naval power exerts a significant influence on Japan's security, and so we made an estimate of China's naval capacity around 2020. We also analyzed the directions in which North Korea is likely to head in regard to its nuclear capabilities and warhead stockpile, which are serious concerns for Japan.

To meet these challenges, members of the project team formulated 16 proposals in areas that we feel require the greatest and most urgent attention, including the right of self-defense in peacetime; policies affecting maritime security; institutional measures; and issues regarding defense technology, which are closely linked to Japan's Three Principles on Arms Exports.

As government policymakers now draw up the national security

* Japan's first national security strategy and the updated National Defense Program Guidelines were approved by the cabinet in December 2013. In April 2014, the government announced the "Three Principles on Transfer of Defense Equipment and Technology" to relax Japan's self-imposed restrictions on arms exports, and it also stated it will update the ODA Charter by the end of the year. While many of the proposals here were incorporated into the strategy and the guidelines, the Tokyo Foundation will continue to advocate the establishment of the right of self-defense in peacetime, which was not fully reflected in the documents.

policies and strategies that will guide our country over the medium-to long-term, we hope that they will take note of and actively incorporate the proposals presented here.

November 2013

Masahiro Akiyama
President, Tokyo Foundation

OVERVIEW

Following its December 2012 landslide victory in the House of Representatives election, the Liberal Democratic Party began considering a revision to the December 2010 National Defense Program Guidelines, drafted when the Democratic Party of Japan was in power. Inasmuch as the first DPJ Prime Minister, Yukio Hatoyama, was forced to resign in June 2010 over his mishandling of the Futenma base relocation issue, the DPJ's national security policy, particularly with regard to the US-Japan alliance, is often viewed as having been inappropriate. But the overall direction of the 2010 Guidelines was not inconsistent with the defense policies that were in place under the LDP. In fact, the 2010 Guidelines contained many ambitious and proactive elements, such as the concept of a Dynamic Defense Force, adopted in response to a new security environment—the diversification of threats and the rising importance of the defense of the Nansei Island chain, including the Ryukyu Islands, southwest of Kyushu, where China's posture had become more provocative. Since only three years had elapsed from the last revision, moreover, some felt that another update was not yet necessary.

But Japan's security environment has undergone considerable changes since 2010. On September 11, 2012, the Japanese government purchased the three Senkaku Islands of Uotsurishima, Kitakojima, and Minamikojima, which had until then been privately owned. In response, China, which unilaterally claims the islands as its own territory, began dispatching law enforcement ships and planes on an ongoing basis, leading to tense face-offs with the Japanese Coast Guard and the Maritime and Air Self-Defense Forces patrolling the area. On January 30, 2013, a Chinese naval frigate directed its fire control radar at Maritime Self-Defense Force destroyer *Yudachi* in the East China

Sea, a highly provocative incident that had the potential of accidentally igniting a conflict.

Another change in the security environment relates to cyberspace. From about 2011, cyber attacks targeting the Japanese government and private companies, especially those in the defense industry, have intensified. The US military established a Cyber Command in May 2012, and the annual report of the US Department of Defense to Congress on “Military and Security Developments Involving the People’s Republic of China,” released three months later, stated that computers worldwide, including those in the United States, were being hacked from within China. The report also noted that such activities are in step with efforts by the Chinese military to develop cyber warfare capabilities, although there is no clear evidence of direct military or government involvement. China has repeatedly denied the claims. Japan, too, inaugurated the Initiative for Cyber Security Information Sharing Partnership of Japan (J-CSI) in October 2011 to facilitate the sharing of information on cyber attacks between the government and the private sector. But additional steps are necessary to cope with the rapid sophistication of cyber threats.

In March 2013 North Korea successfully conducted a nuclear test for the third time. This, coupled with the development of its long-range missile technology, as evidenced by its December 2012 launch of a satellite into orbit, shows that threats to Japanese security are increasing, as Pyongyang is steadily acquiring the offensive capability that would put mainland United States within range of a nuclear attack.

In Japan, a much expected revision of the Three Principles on Arms Exports was omitted from the 2010 Guidelines—issued during the second DPJ administration of Naoto Kan—for political reasons. The subsequent Yoshihiko Noda administration eased the Principles, though, clearing the way for Japan to participate in international weapons development programs and broadening the scope of Japan’s

foreign assistance to include security capacity building of other nations. Any revision to the 2010 Guidelines, then, needs to build on such newly introduced concepts as a Dynamic Defense Force and make proactive adjustments in conformance with the changes in the security environment and mid- to long-range trends.

Currently, the LDP administration of Shinzo Abe is moving forward with the establishment of a National Security Council and the formulation of a national security strategy. Japan's long-term strategic issues had hitherto been addressed in the National Defense Program Guidelines in the absence of other appropriate strategy documents, but henceforth, conceptual, strategic issues should ideally be addressed in the NSS, with the Guidelines focusing on concrete, defense-capacity measures needed to ensure preparedness. This policy proposal thus offers recommendations for issues that should be addressed by not only the Guidelines but also the NSS.

Unlike the previous Tokyo Foundation proposal on national security, published in October 2008, when we adopted a broader perspective in analyzing issues and offering recommendations ("New Security Strategy of Japan: Multilayered and Cooperative Security Strategy") with the hope they would be incorporated into the 2010 Guidelines, this time we have focused on the most urgent issues confronting Japan in a changing strategic environment.

As for the strategic environment, we have reviewed the situation in waters affecting Japan as a maritime nation and estimated China's naval capabilities, in addition to predicting North Korea's nuclear capabilities. Based on these analyses, we have made various proposals in the following three categories.

The first is Japan's right of self-defense in peacetime—an issue requiring immediate attention if we are to prevent the standoff with China around the Senkaku Islands from escalating into open conflict. This is an issue that has not been fully debated, however, as it is often overshadowed by arguments regarding the right of collective self-

defense. In this context, the proposals also address the question of developing the capacity to attack strategic, logistic bases and such new issues as cyberspace and joint operations involving the amphibious capabilities of the Ground Self-Defense Force.

The second major category addressed here is maritime security. Defending the sea lines of communication stretching from the East and South China Sea to the Indian Ocean is a matter of primal importance for Japan, and so is ensuring the security of the emerging Arctic shipping route. The proposals below call for a more systematic approach to Japan's engagement in maritime security.

The third concerns measures to promote international security, including the role of the Self-Defense Forces. A new policy horizon for Japan is assistance for Asian countries in the domain of capacity building. Proposals are offered for this and such other issues as maintaining the level of Japan's defense technology and production base, as well as the overseas transfer of defense-related equipment and the protection of Japanese nationals living or visiting abroad – a growing concern in the light of the January 2013 terrorist attack on an Algerian natural gas processing facility, in which 10 Japanese hostages were killed.

Finally, it must be emphasized that these proposals are not intended to incite discord or to heighten tensions with China. There is no meaning in advocating a Cold War containment strategy in the light of China's deepening economic interdependence with Japan, the United States, and other countries around the world. Rather, these proposals are intended to form the basis of an engagement policy to encourage China to make a bigger contribution to regional stability. This is a position echoing the Tokyo Foundation's June 2011 policy proposal on "Japan's Security Strategy toward China: Integration, Balancing, and Deterrence in the Era of Power Shift" calling for China to be more fully integrated into the regional security architecture.

The tension between Japan and China in the seas around the

Senkaku Islands is a source of great anxiety for security specialists around the world. Successfully resolving the current crisis through efforts by Japan, China, and other concerned countries and newly establishing a stable order in the Indo-Pacific region would not only engender great benefits for Japan but could also open up new horizons for Japan's security strategy.

SUMMARY OF PROPOSALS

The Right of Self-Defense in Peacetime and Other Pressing Issues surrounding the Right of Self-Defense

Proposal 1: *Amend the Self-Defense Forces Law and establish a basic national security law to clear the way for the use of the right of self-defense prior to the issuance of a defense mobilization order—that is, for “gray zone” situations during peacetime—as well as to enable the exercise of the right of collective self-defense. Regarding gray zone situations, identify issues the government needs to clear, establish a decision-making structure, and conduct periodic government-level command post exercises for specific situations.*

Given the current situation around the Senkaku Islands, the scenarios under which the SDF are most likely to be called into action will be “gray zone” cases: violations of Japanese sovereignty that are not clear military invasions requiring the issuance of a defense mobilization order but are beyond the policing capacity of the Japan Coast Guard. There has not been a review of how best to cope with such infringements, though, in discussions of Japan’s defense to date. As matters stand, Japan has done little to legally define gray zone situations, to identify issues the government must clear, or to establish a decision-making structure. The government is currently considering the approval of the exercise of the right of collective self-defense, but this is a matter involving the repulsion of an invading force through military means as an act of self-defense following the issuance of a defense mobilization order. This, too, is no doubt an important issue, but inasmuch as gray zone infringements are taking place even now, enabling Japan to exercise its right of self-defense in peacetime — as proposed here — should sure-

ly be addressed first, before engaging in a full-scale debate on the right of collective self-defense.

Proposal 2: *To enable a proper response to gray zone incidents, relax the government's interpretation of the Constitution, according to which three conditions must be met for Japan to use armed force in the exercise of its right of self-defense. In particular, a more flexible interpretation of the first condition—"an imminent and illegitimate act of aggression"—is needed.*

The three conditions that must be met for Japan to use armed force in the exercise of its right of self-defense, under the government's current constitutional interpretation, are: (1) when there is an imminent and illegitimate act of aggression against Japan; (2) when there is no appropriate means to deal with such aggression other than by resorting to the right of self-defense; and (3) when the use of armed force is confined to the minimum necessary level. These conditions were established during the Cold War—when a distinction could clearly be made between peacetime and a state of emergency—and based on the assumption of a full-scale Soviet invasion. In the near future, Japan is much more likely to confront a gray zone crisis that cannot clearly be classified as an "imminent and illegitimate act of aggression"—a product of a strict interpretation of the UN Charter's Article 51 by the government of Japan in the mid-1950s. A clear discrepancy thus exists between the government institutions in place now, built on outdated assumptions, and current realities. Under the circumstances, it may be difficult to deal effectively with violations of national sovereignty or invasions owing to delays in invoking the right of self-defense following the issuance of a defense mobilization order.

Proposal 3: *Japan (SDF) should establish the capacity to attack strategic, logistic bases through the strengthening and utilization of the combined*

Japan-US security framework. The following three goals should be pursued: (1) a posture/structure within the combined Japan-US framework enabling Japan to autonomously utilize this capacity of the US forces; (2) a posture/structure enabling bigger mission roles and deeper involvement by the SDF for attacks on strategic, logistic bases, premised on combined Japan-US action; and (3) a clear policy statement by the government that Japan possesses the inherent right, as an independent country, to maintain the capacity to attack strategic, logistic bases.

Ever since the establishment of the SDF, Japan has never taken specific action to establish the defense capacity or operational structure to attack strategic, logistic bases of enemy forces on foreign soil, despite a constitutional interpretation that permits such attacks under certain conditions. For the SDF to be equipped with such capabilities is intrinsically desirable from the perspective of meeting Japan's defense needs and ensuring the SDF's autonomy. But this deficiency has been covered to date by the Japan-US security alliance, in which Japan has confined itself to serving as a "shield," with US forces acting as the "spear." Given the severe budgetary and organizational restrictions of equipping the SDF with this capacity, even when used only in cases meeting certain conditions, such a step will not likely be a realistic option in the immediate future. But this proposal is one that can be implemented over a period of about 10 years, which is the timeframe covered by the new Guidelines. It is essential that Japan take steps toward these goals through the strengthening and utilization of the combined Japan-US security framework.

Proposal 4: *Station members of the GSDF in the Nansei Islands as a clear statement of Japan's intentions to defend its territory. Establish a position of deterrence through joint operations with the MSDF and ASDF in partnership with the US military. Establish well-balanced amphibious capabilities (akin to those of the US Marine Corps) that will repel invasions and*

quickly retake islands in the event that deterrence fails. This will entail detailed consultations with US forces regarding respective roles, responsibilities, and capabilities to ensure effectiveness and efficiency.

The Nansei Islands are pivotally located between the western Pacific and the East China Sea, impeding the passage of China's North Sea Fleet and East Sea Fleet into the Pacific. The chain of islands also forms the crux of the US forward deployment strategy in the Pacific and is an important forward position for its Air-Sea Battle concept. With the exception of Okinawa Island, though, there is virtually no military presence on these strategically important islands, creating a highly unstable situation that could invite military adventurism by neighboring countries. The situation should be improved by stationing GSDF troops on a permanent basis, on not only Okinawa Island but also major islands in the Miyako and Yaeyama chains, as well as the island of Amami Oshima. Japan should make a clear statement of its intentions to defend its territory, taking steps to deter territorial infringements and thereby promoting stability. The stationed troops should coordinate closely with US forces in order to complement America's forward deployment strategy and Air-Sea Battle concept, achieving a synergistic effect through joint operations with the MSDF and ASDF, as well with as the US military. In the event that deterrence fails, Japan must have the ability to quickly retake the islands with integrated amphibious capabilities.

Proposal 5: *Lay down utilization objectives and strategies for cyberspace. Establish a cyber unit in the SDF to address not only defense-related operations but all cyberspace issues. Assign primary responsibility for the government's use of cyberspace to the SDF, giving it authority to oversee the IT departments of each ministry and agency. Also, promote cooperation with the private sector to access the latest technologies and knowhow.*

The United States has named cyberspace the fifth security domain after land, sea, air, and space, for cyber attacks can not only obstruct intelligence gathering activities but also inflict actual physical damage. Many of the world's leading cyber countries have well-defined utilization objectives, concepts, and strategies, according to which they manage their organizations and troops to defend against cyber attacks. Japan, too, has launched a number of initiatives, but government awareness of cyberspace use is still low. Cyber networks for information sharing remain largely underdeveloped, and there is little understanding of the implications of cyberspace for foreign and security policy. A unit to conduct cyber operations should be established within the SDF—which is capable of securing the necessary human resources and budgetary allocations—to oversee the IT activities of such government agencies as the Ministry of Defense, Ministry of Foreign Affairs, Ministry of Internal Affairs and Communications, Ministry of Finance, and National Police Agency. Cooperation with private companies that have more advanced knowledge than the government is also indispensable in order to maintain leading-edge cyber capabilities. This should go beyond just joint research or the sharing of information; budgetary approaches relying on a cost-accumulation formula also need to be reassessed. The latest technologies in the private sector must be tapped by applying the constantly evolving knowhow and capabilities of private companies to government systems for intelligence gathering and processing.

Systematic Approach toward Maritime Security

Proposal 6: *Set aside a section in the new Guidelines emphasizing the importance of a more systematic approach toward maritime security and make clear this is a pressing issue for Japan's defense policy today. Closely monitor and analyze the maritime security situation that has been undergoing rapid change in recent years, especially in the seas with relevance*

for Japan, such as the western Pacific, the Indian Ocean, other seas around Asia, and the Arctic Ocean, and indicate the basic directions for the country's comprehensive response.

The ocean is open to all users. The reasons shipping remains the most efficient mode of transporting goods are because there are no border checkpoints, giving ships free passage to any port in the world, and because there is no theoretical limit to the volume of goods that can be transported by freighters. Moreover, considerable progress has been made in recent years in the exploration of offshore energy sources. The safety of the seas is thus of vital interest to Japan, an island country surrounded by the sea. Of great importance are not just Japan's shores and nearby waters, though, for problems in any of the world's oceans can have a major impact. Because Japan is dependent on maritime transport for its economic activity, the country needs to pay special attention to security issues in the maritime domain. The new Guidelines should thus devote greater attention to the issue of maritime security, outlining both a comprehensive framework and concrete measures for key issues.

Proposal 7: *Strengthen coordination among the Ground, Maritime, and Air SDF from the perspective of maritime security. Because maritime security involves the defense not only of territorial waters but also the airspace above those waters and remote islands, strengthen joint operations among the three services. A joint command for SDF operations should be achieved through the establishment of a unified C4ISR system, implementation of joint exercises, and the joint formulation of a common maritime security strategy.*

The defense of remote islands is a vital component of maritime security that requires the closer integration of the Ground, Maritime, and Air SDF. Integrated operations are predicated on the sharing of in-

formation and a unified command structure, but each SDF branch now employs a different C4ISR (command, control, communication, computer, intelligence, surveillance and reconnaissance) system. This prevents the seamless coordination of targets and hampers the implementation of tasks central to joint operations, such as the assignment or transferring of targets among the different branches. An integrated C4ISR system is indispensable. Another key issue is unifying the command structure. The three branches should conduct joint training and exercises on a regular basis to promote a better understanding of each other's special characteristics and ensure the effective movement of troops. Joint operations necessitate the coordination of targets. Toward this end, the three branches should work together to formulate a maritime security strategy, clarify objectives, and draw up concrete tactical operation plans.

Proposal 8: *Ensure that the MSDF and ASDF have the capacity to maintain sea and air superiority in the territorial seas far from mainland Japan in the face of a changing maritime security environment. Qualitatively and quantitatively upgrade the ships, fighter jets, patrol aircraft, and AWACS aircraft of both forces, and begin discussions on the introduction of an aircraft carrier that can provide the air cover (air boundary defense) necessary for the defense of territorial waters.*

Maintaining good relations with neighboring countries and diplomatic efforts are essential components of maritime security. But this does not preclude the need to maintain sea superiority by Japanese and allied forces, without which Japan may become vulnerably exposed in a contingency. Achieving superiority on the seas requires dominance of airspace as well, for a maritime fleet will be hard pressed to win a sea battle without air cover. Upgrading Japan's ships, fighter jets, anti-submarine patrol aircraft, and aircraft carrying airborne warning and control systems (AWACS) is thus a priority issue. Given

the importance of defending remote islands, the self-defense capabilities of the GSDF must also be upgraded in such areas as surveillance, ability to secure bases of operation, and the conferring of amphibious capabilities. Establishing air cover around the Nansei Islands would require either new bases on land or an aircraft carrier. The former would be difficult, though, from a political and operational (ability to withstand attack) standpoint, so the remaining option would be to employ an aircraft carrier. Japan would not need (or be able to finance) a carrier strike group like those employed by the United States. Japan should thus consider reinforcing the capability of warships now possessed by the MSDF, such as *Izumo*-class 22DDH destroyers, and the purchase of F-35Bs with vertical take-off/landing capabilities.

Proposal 9: *Strengthen the Japan Coast Guard and promote effective cooperation with the SDF in defending territorial waters and remote islands and in ensuring order at sea. Involve all relevant ministries and agencies in the drafting, sharing, and operation of a crisis management program. Advance coordination and cooperation between the SDF and JCG, as well as with such other relevant agencies as the Ministry of Internal Affairs and Communications; Ministry of Foreign Affairs; Ministry of Land, Infrastructure, Transport, and Tourism; National Police Agency; Fisheries Agency; and Agency for Natural Resources and Energy to assure a seamless response in the transition between peacetime and a national contingency.*

The defense of territorial waters and remote islands should intrinsically be based on the right of self-defense. But due to inconsistencies in Japan's legal system, there is no choice at present but for "gray zone" incidents to be addressed by the Japan Coast Guard as part of its maritime law enforcement duties. Of urgent importance, therefore, is not only to eliminate such inconsistencies, as described in Proposal 1, but also to quickly and boldly upgrade and expand the structure

and posture of the JCG. There is also a pressing need to create a structure for seamless coordination between the JCG and SDF in case the security situation deteriorates. In concrete terms, a crisis management program should be drawn up and shared by all ministries and agencies that would be involved in the transition between peacetime and a national contingency.

Proposal 10: *With the situation around the Nansei Islands becoming increasingly complicated and transnational in scope, promote cooperation with other countries and maritime industries. The international community should be broadly informed of attempts by Chinese law enforcement vessels to alter the status quo through repeated intrusions into Japanese territorial waters so that a shared perception can be formed regarding the dangers of harassment activities by Chinese paramilitary forces accidentally triggering a conflict.*

International cooperation is critical in dealing with the increasingly complicated and transnational nature of defending Japan's territorial waters. Diplomatic efforts must be made to broadly inform the international community of attempts by China to alter the status quo through the use of force so that a shared perception can be formed regarding the need to prevent an escalation of such activities. Cooperation must also be advanced with maritime industries; there is a need for closer coordination on the utilization of stratospheric platforms to improve the monitoring of ocean areas and enhance telecommunication capacity—issues directly related to the freedom of navigation, the development of marine resources, and other major international concerns.

Proposal 11: *Raise the rank of the SDF's "legal affairs general" to that of "rear admiral/major general," as in the United States, in view of the importance of legal issues in ensuring maritime security. Restrain moves by*

countries that ignore rules and the legal order, while at the same time working to integrate them into the established legal order. Have the MSDF learn from the practice of evidence accumulation, now conducted by law enforcement agencies.

Many maritime conventions and statutes have been established in addition to the UN Convention on the Law of the Sea, which stipulates fundamental rules for the use of the oceans. There are also many rules, including customary law, covering military activities on the sea, both during peacetime and in contingencies. In view of the increasing importance of the legal order in maritime security in recent years, legal affairs general (equivalent to captain/colonel) in the SDF (especially the MSDF) should be raised to the rank of “rear admiral/major general,” as in the United States. Actions by countries that ignore maritime rules and the legal order need to be restrained. At the same time, efforts should be made to integrate them into the established legal order, such as by demonstrating the importance Japan places on observing the maritime order. Inasmuch as the United States is the world’s largest maritime nation, Japan should also strongly appeal to its alliance partner to swiftly ratify the UN Convention on the Law of the Sea.

Proposal 12: *Promptly establish a maritime security strategy for the Arctic Ocean, as the melting of polar ice is likely to usher in significant changes in the near future—perhaps in just a few years. Draft a strategy that takes into consideration the commercial use of Arctic sea lanes, the exploration and development of marine energy resources, and the emergence of a new maritime security environment. Participate actively in the Arctic Council and dispatch oceanographic observation vessels to Arctic waters by revising the Self-Defense Forces Law.*

Recently released scientific analyses suggest that the melting of the

Arctic ice cap will henceforth progress at a rapid pace. This will have widespread repercussions for maritime transport, natural resources development, fishing, and environmental conservation in the Arctic Ocean. In response, coastal countries are now developing new security and defense policies. Significant changes in global naval movement patterns can also be expected. Given the likelihood of major changes in the Arctic Ocean in the near future, Japan should promptly establish a security strategy for the Arctic.

International Security Policies of the Ministry of Defense and the Self-Defense Forces

Proposal 13: *Significantly expand the budget and content of capacity building programs for the defense and law enforcement agencies of foreign countries, playing a dynamic role in improving the regional and global security environment. Organically coordinate the capacity building assistance offered by the Ministry of Defense, official development assistance provided by the Ministry of Foreign Affairs, and financing from the Japan Bank for International Cooperation.*

The National Defense Program Guidelines currently call for stepped up efforts to support capacity building in other countries to improve the security environment in the Asia-Pacific region and around the globe. The Capacity Building Assistance Office was established in the International Policy Division of the Defense Ministry's Bureau of Defense Policy in fiscal 2011, and it is engaged in supporting capacity building and human resources development—primarily in Southeast Asian countries—in nontraditional security areas. Such support is currently offered in a limited number of fields and on a small scale, however, with an annual budget of no more than 300 million yen. Both the content and budget for such activities should be expanded significantly, bolstering Japan's engagement in the region through

closer coordination among various ministries and agencies. The greater part of capacity building assistance is targeted toward South-east Asia, so emphasis should firstly be placed on strengthening joint military exercises and training with those countries. Secondly, Japan should provide financial and technical assistance to strengthen their defense capabilities and related infrastructure. National defense is not simply a matter of amassing frontal combat equipment; other important factors include such infrastructure as airports, ports, roads, electric power, telecommunications, energy, and software, as well as the organization and human resources to operate such facilities. The provision of such infrastructure and resources will be of decisive importance in raising the defense capabilities of Southeast Asian countries.

Proposal 14: *Substantially enhance coordination between international peacekeeping activities and official development assistance. Create a permanent center for security cooperation within the newly established National Security Council responsible for analyzing trends in UN peacekeeping operations and the peace-building and antipiracy activities of multinational forces, as well as for promoting cross-agency cooperation and coordination on ODA and other issues on an ongoing basis.*

The government must have the capacity to make decisions across various ministries and agencies, given the need to proceed with great care in addressing the Senkaku issue and to effectively respond to terrorist attacks, natural disasters, and other unanticipated situations. The council will undertake long-term analyses of the domestic and international situation; create common, cross-agency national objectives; and formulate guidelines (strategies) for the development and use of policy resources to achieve those objectives. A center for security cooperation should be established within the section responsible for drafting the long-term security strategy to analyze trends in UN

peacekeeping operations and the peace-building and antipiracy activities of multinational forces, as well as to promote cross-agency cooperation and coordination on ODA and other issues on an ongoing basis.

Proposal 15: *Further streamline the Three Principles on Arms Exports in the new Guidelines, enabling Japan to strengthen its defense technology and production base and to advance reasonable arms exports, joint international development, and international cooperation. In particular, relax the remaining conditions for the transfer of arms to third countries. Decisions regarding arms exports should be made by the prime minister based on strategic advice from the NSC and implemented by the minister of economy, trade and industry, who has jurisdiction over the Foreign Exchange and Foreign Trade Act.*

The Statement by the Chief Cabinet Secretary on Guidelines for Overseas Transfer of Defense Equipment, Etc., issued by the Yoshihiko Noda administration in 2011, announced a comprehensive easing of government policy regarding contributions to peace, international cooperation, and joint development and production of defense equipment, marking a shift from the piecemeal, ad hoc measures that had been taken until then. This was a step in the right direction, and government-led efforts should henceforth be made to strategically strengthen Japan's defense technology and production base; at the same time, a setup to enable an "all Japan" response, transcending differences among ministries and agencies, must be created to advance reasonable arms exports, joint international development, and international cooperation. Also necessary is the relaxation of the requirement—which has remained intact even after the 2011 revisions—for rigid controls to prevent the transfer of exports, supplies, and jointly developed defense equipment to third countries. The new Guidelines should take these points into consideration in outlining a

clear and simple policy on the transfer of defense equipment, joint development and production, and such forms of international cooperation as capacity building assistance.

Proposal 16: *Looking toward the future, build a system of defense cooperation with industry and academia to promote the development of defense-related technology, including those with dual-use capabilities, partly to make effective use of Japan's limited funds for research and development. As a first step, organically link the development of defense-related technologies with the Cabinet Office's Comprehensive Strategy on Science, Technology, and Innovation. In this regard, there is an urgent need to develop experts who not only are intimately familiar with defense technology and its lifecycle but also have a broad understanding of all aspects of science and technology.*

Another issue in maintaining Japan's defense production base is expanding domestic R&D funding for new technologies and equipment. Such funding for development, design, and production have been allocated to the Technical Research and Development Institute of the Ministry of Defense, and complicated application procedures are required to transfer these tasks to the private sector. Because of the scarcity of partnerships with Japanese universities—which have advanced knowhow of underlying technologies—moreover, the capacity of private companies to develop new equipment is not robust. If this situation goes unaddressed, and Japanese industry's competitiveness erodes, maintaining a stable defense production base will prove elusive even if the hurdles on arms exports and joint development with other countries are lowered. Ideally, an “all Japan” framework for a comprehensive science and technology policy should be established through close coordination between the Defense Ministry's planning and development project team and the Strategic Innovation Creation Program (provisional name), scheduled to be

launched in the Cabinet Office's Council for Science and Technology Policy. Such a framework will entail huge political costs, though, given bureaucratic sectionalism—particularly the reluctance of the Ministry of Education, Science, and Technology to give up control of the R&D budget—and academia's lingering aversion to military technology, but this is a task that cannot be put off.

- FOREIGN AND SECURITY POLICY
- ECONOMY AND SOCIAL SECURITY
- ENVIRONMENT AND SOCIAL INFRASTRUCTURE